



PBGC Settlement Agreement

April 29, 2005

**PRESENTATION TO OCUC OF UNITED, SUBJECT TO
ALL APPLICABLE CONFIDENTIALITY RESTRICTIONS**

UNITED

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Termination Timing

- Hearing to approve PBGC settlement on May 4
- Ground Plan trustee agreement signed soon thereafter
 - Termination date 3/11/2005
- 10-14 Days after May 10 hearing, PBGC issues notice of determination that AFA and MA&PC plans should terminate
- UAL and PBGC execute trustee agreement for AFA and MA&PC plans
 - Termination date 5 days after notice of determination
- Execute trustee agreement on ALPA plan soon after May 10 hearing (to the extent consistent with ALPA deal)
 - Termination date same as latest date of any other plan
 - Court to determine if termination date is earlier (PBGC will seek 12/30/2004 termination date)

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Benefits of Settlement: Key Takeaways

- Benefits of settlement to United far outweigh value of consideration to PBGC, even assuming 100% success in plan termination litigation
- Settlement fits within business plan (actually cash positive) and exit financing target metrics
- Provides greater certainty and closure by eliminating
 - Uncertainty of future DB funding
 - Restoration funding risk
- Avoids certain legal and economic risks
 - Pension termination trial
 - Minimum funding contribution litigation
 - Setoff/administrative claim litigation
 - Substantive consolidation/ joint and several liability
 - Appeal/“Special Metals” risk
- Significantly narrows scope of 1113 trial
- Consistent with ALPA agreement
- Preserves third party rights based on April 30, 2003 ruling